ECON 4330-International Trade

Autumn 2014


Meeting time: Tu, Th 2-3:20 pm.

Room: BUS 258.

Instructor: Luis Gautier

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Course Objective and Description

A review of the rationale for trade between nations, the nature of trade barriers. International Trade provides an introduction to the theories underlying international trade with an emphasis on helping us explain why, what and with whom nations trade. We will analyze various trade policies that nations implement, with a particular emphasis on the redistributive effects of trade and trade barriers. The theoretical models will be used to analyze topics making headlines like development and the environment. This is an applied economic theory course. I shall use formal algebraic representations of models and graphs to present and develop the main concepts and ideas. In some cases some basic algebra will be used to derive policy implications from the theoretical models.

Textbook and Course Material

- The main textbook for this class is Krugman and Obstfeld’s *International Economics: Trade and Policy, 8th edition.*
- Torelli (2013) ”Chapter 3 - Theories of International Trade” Available on the Harvard Business Publishing web site for purchase. You may access this material via the coursepack link: [https://cb.hbsp.harvard.edu/cbmp/access/28326607](https://cb.hbsp.harvard.edu/cbmp/access/28326607)

  Follow this link to register, sign in and purchase the material. Once you have purchased the material, for subsequent access you do not need to follow the coursepack link but rather can go directly to hbsp.harvard.edu and log in. Once you log in you can click on My Courses on the right, then ECON 4330 and finally click on View Document to see the PDF.

- Additional resources and articles are available on Blackboard (BB).
Grading Components - weights

1. In-class Tests – 50%
2. Report and Presentation – 25%
3. Quizzes and assignments – 15%
4. Participation/Attendance – 10%

A: 100% - 90%; B: 89 - 80; C: 79 - 70; D: 69-60; F: 59 - 0

Expectations

Students are expected to complete all assignments on time and attend class ready for discussion. Students should feel free to contact the instructor and use office hours as necessary. There is no “make-up” work or extra credit in this class.

Country Report

Project (Presentation and Country Report)

The main purpose of this project is to enable you to apply the concepts learned in class by analyzing a country’s trade issue(s) which is of interest to you. This will allow you to explore topics in the international trade literature which we did not have time to talk about in class.

Each student is expected to give an oral presentation and submit a summary essay on a topic related to international economics within the context of a country. Specifically, you are expected to choose a country, analyze its economy and discuss the topic of your interest within the context of this country. Examples of topics include, but are not limited to, trade and corruption, trade and poverty, and trade and environmental degradation. Make sure to clear the topic and country with me before you start working on your project. The same country/topic cannot be presented twice so country/topic selection is on a first-come-first-serve basis.

Presentation: The presentation will be based on your country report. In particular, you are expected to give a detailed oral presentation of your analysis. Time limit: each student will have an entire class period to present his/her report.

Report: As part of the project you are expected to submit (the day of your presentation) an essay describing your country’s economic, political and social structure, your results, figures and tables, and all sources used in the analysis.

The country report should consist of
Section 1 – Abstract: In 150 to 200 words, present the purpose of the Report and summarize your main findings including policy recommendations.

Section 2 - The economy (1-2 pages): Describe the country’s economy and growth experience.

Section 3 - Trade issue (2 pages): State the issue at hand and argue why it is important.

Section 4 – Discuss former and current trade policies (1-2 pages): Describe and explain the country’s trade strategies and in the context of its economy.

Section 5 – Challenges and policy recommendations (5 pages): Put forward a policy strategy; the key here is to substantiate your policy recommendations based on the issues you pointed out in section 3 and trade policies discussed in section 4.

Section 6 - References

Grading (report and presentations):

1. The report is worth 100 points.
2. Evaluation and grading of the report will be based on:
   a. Your ability to conduct all relevant analysis necessary to develop policy recommendations in the context of the chosen international trade issue. (weight: 50%)
   b. Your ability to present your results in a clear, organized and concise fashion. (weight: 50%)
3. The presentation is worth 100 points.
4. Evaluation and grading of the presentations will be based on:
   a. Your ability to clearly present all relevant analysis. (weight: 50%)
   b. Your ability to present your results in a clear, organized and concise fashion using relevant presentation aids such as power point slides. (weight: 50%)

Plagiarism/Cheating

This course will follow the policies and procedures stated in the University of Texas at Tyler Manual of Policies and Procedures for Student Affairs, chapter 8 available here http://www2.uttyler.edu/mopp/documents/MOPPChapter8StudentConductandDiscipline-updated011411.pdf

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Communication

You can reach me via email at lgautier@uttyler.edu

Please give me between 24 and 48 hours to respond to your email.

Office Hours

I'll make every effort to be available online (via Wimba Pronto) as much as possible (mainly during the day) and answer questions sent via email in an expeditious fashion. Please give me some time to respond to emails. Tentative times I'll be online and in my office (i.e., office hours) are as follows: Tuesdays, Wednesdays and Thursdays from 11 am – 12 noon. Alternatively, if you'd rather meet with me to talk about the class material please send me an email to set up a time/day.

Important Deadlines

The University calendar is available here: http://www.uttyler.edu/calendar/ It is important that each student keeps track of drop dates and other important dates given in the University calendar. It is the student’s responsibility to keep track of all important dates (including withdrawal dates). Students who do not withdraw by the required date (as stated by the University) will end up with a final based on their course work during the semester. Other important deadlines are provided in the course syllabus and course schedule.

Disability Services

Students with a disability please contact UT Tyler Disability Support Services office so that the appropriate arrangements may be made. For more information please go to http://www2.uttyler.edu/disabilityservices/

It is the student’s responsibility to let the instructor know (and provide all necessary paper work) about his/her disability in order to make the necessary arrangements.

Other Policies

Other University policies: student rights, absence for religious observance, absence for university-supported trips, services to students with disabilities, grade replacement, state-mandated course drop policy, emergency exit strategy, and Social Security and Privacy. A pdf of these policies can be found at http://www.uttyler.edu/academicaffairs/syllabuspolicies.pdf
Learning Objectives

- Develop an understanding of the main theories of international trade.
- Develop an understanding of the core theoretical models which explain the pattern of trade.
- Develop an understanding of trade policy and its implications for the economy.
- Develop an understanding of the role of international trade in the development process, including income inequality and environmental degradation.
Course Schedule

Week 1-8/25-8/29


Trade and the economy: The importance of trade in the global economy and US.

- PPT file on BB: “Trade and the economy”

Theories of trade: Review of PPF model and opportunity cost.

- PPT file on BB: “EconProblem&PPF”

Week 2-9/1-9/5

Theories of trade: Comparative advantage and Ricardo’s model.

- Reading: Torelli 2013, ch 3, pp. 65-72. K&O pp. 27-42. (available on BB)


- Suggested problems: K&O, problems 1-5, chapter 3.


Week 3-9/8-9/12

Factors proportion model: The Heckscher-Ohlin model.


September 8 - Census Date: Deadline for all registration, schedule changes, and section changes.

Week 4 –9/15-9/19

Test 1

Week 5-9/22-9/26

Trade policy- perfect competition: tariffs and subsidies.

- Video: Stiglitz WTO and agricultural subsidies, Property rights, International policy, China.

- Guideline questions.


Week 6 - Week 7 – 9/29-10/10
Imperfect competition and trade: monopolistic competition, reciprocal dumping.

PPT file on BB
Tariffs and subsidies under imperfect competition: A comment.
Trade policy – imperfect competition: FDI, local content, unemployment.

PPT file on BB.

Suggested problems: K&O, problems 3,9, 10, chapter 7.

Week 8 -10/13-10/17
Test 2

Week 9-Week 10-10/20-10/31
Trade and the environment: Connections between FDI and environmental degradation.

Video Stiglitz trade and the environment. Guideline questions.


October 27- Last day to withdraw from one or more courses.

Week 11-Week 15-11/3-12/5
Presentations. Note: Week 14-Thanksgiving break.

Finals Week - Final Exam. Final exam scheduled for Tuesday, December 9, 2014; 2 pm – 4 pm.